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Deliver Now, Pay Later

Newt Gingrich is on the right side of history and the wrong side of the truth. The frenzied debate over the Contract With America has redirected the political conversation. We are now asking: How should (or shouldn't) government be used? The change was inevitable and desirable. But Gingrich overreached in his crusade for smaller government by claiming he could both cut taxes and balance the budget. Ordinary Americans know the two are now at odds. To imply otherwise is irresponsible and insulting.

It exposes Gingrich to the charge that he says one thing and does another. He risks becoming a Republican "slick Willie." The parallels between Gingrich and Clinton are, despite different political philosophies, striking. Both have been political creatures since their teens; both flaunt their obvious intelligence; both are articulate and love their own words; and both believe they can talk their way out of almost any jam.

They can't. By and large, the public seems to distrust their cocky gabbliness. In a recent ABC/Washington Post poll, only 42 percent of respondents judged Clinton to be "honest" and "trustworthy," while 55 percent didn't. The results for Gingrich were almost identical: 39 percent thought him honest and 52 percent didn't. Americans suspect that Clinton and Gingrich use their rhetorical skills to obscure, not reveal, truth.

Gingrich's budget straddle will fan public suspicions. The \$189 billion six-year tax cut that passed the House last week—the centerpiece of the Contract With America—is a fiscal atrocity. Its supporters claim that the tax cut is "paid for" by offsetting spending cuts. This is untrue. But suppose it were true. The logic is that any tax cut is all right as long as it doesn't enlarge the deficit. Technically, Gingrich has promised only to balance the budget by 2002. What kind of discipline is that? If a balanced budget is a good idea, why deliberately postpone it?

Now consider the contention that the tax cut is offset by spending cuts. It relies on slippery arithmetic. True, the Congressional Budget Office has estimated that the combination of Republican tax and spending cuts reduces the cumulative deficit \$29 billion between 1995 and 2000—a trivial amount in a

six-year period when the deficits total an estimated \$1.3 trillion. Unfortunately, even this tiny deficit reduction is temporary.

The reason is that, in budget jargon, the tax cut is "backloaded." It would minimize revenue losses in the early years and increase them later. The result is that, by the year 2000, the annual tax cuts would exceed the spending cuts and, estimates the CBO, the deficit would be \$12 billion higher than under present spending and taxes. On balance, the tax cut would worsen long-term deficits, because revenue losses explode in the next century. The Treasury Department estimates that losses between 2001 and 2005 are more than twice those between 1996 and 2000.

Some Republicans recognize this. In the House, these skeptics successfully insisted that the tax bill include a safeguard. Under this provision, the tax cuts couldn't go into effect unless Congress passed legislation this year that would balance the budget by the year 2002. Just how this provision would work in practice is unclear. But it may create only token discipline. Congress has repeatedly broken or ignored its own solemn commitments, made in law, to end deficits.

To balance the budget now would require sweeping changes in Medicare and Medicaid—the health programs for the old, poor and disabled. Although sweeping changes are desirable, whether they can (or should) be quickly enacted is open to question. Even if they were, predicting the savings seven years into the future would be treacherous. But once tax cuts were made, they would be hard to repeal if spending exceeded forecasts.

Taxes are the price of government; only when government is paid for do people deserve lower taxes. Deficit spending got us out of the habit of asking what government should do, because extra government spending—financed by borrowing—was invisible to taxpayers. To his credit, Gingrich is posing that question again. To his discredit, he is making tax cuts look free by disconnecting them from a balanced budget. If Republicans think they can balance the budget and cut taxes, let them balance the budget first.

The larger issue here involves popular trust in government. Republicans say they are reviving it by keeping their "promises." Technically, they did that by voting on the items contained in the contract. But to equate this with honest politics is to misconstrue the nature of popular disillusion. It stems from a pattern of governmental leaders promising more than they can deliver. President Clinton delivered on his promise to propose national health insurance; the trouble was that his plan couldn't do all the things he claimed. The same flaw afflicts Gingrich's budget and tax promises.

The shame is that Gingrich defies his own rhetoric. Whatever you think of it, the contract has triggered the most profound debate about government in decades. We are arguing about the worth of many federal programs,

about federal-state relations, about the "safety net," about the limits of regulation and about the fairness of our civil justice system. All these are important matters that hardly any one broached, except superficially. What connects them is the issue of responsibility. In recent decades, national government assumed more responsibilities than it can discharge. A reappraisal is needed.

In that sense, Gingrich is on the right side of history. Our society operates best when responsibilities are apportioned to those who can most easily fulfill them. But the reappraisal must also involve leaders. Both Gingrich and Clinton have correctly criticized the press for a reflexive cynicism. It contributes, they rightly say, to a corrosive public climate. The trouble is that they are deeply complicit in sustaining that climate. One responsibility of leaders is to conform their rhetoric to practical limits. When they behave less cynically, people—perhaps even the press—will treat them less cynically.